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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 24, 2002

APPLICATION OF

THE POTOMAC EDISON COMPANY
d/b/a ALLEGHENY POWER

CASE NO. PUE020063

For a 2001 Annual
Informational Filing

ORDER CONCERNING ANNUAL INFORMATIONAL FILING

By letter application dated January 9, 2002, the Potomac Edison Company d/b/a Allegheny Power ("Allegheny" or "the Company") requested that the State Corporation Commission ("Commission") permit it to file an abbreviated Annual Informational Filing ("AIF") for the year 2001. The Company intends to file financial and operating data for a test period consisting of the twelve months ending December 31, 2001. The AIF is due to be filed by the Company with the Commission by the end of April 2002.

Specifically, the Company asks that it not be required to file the following schedules as part of its AIF for the year ending 2001:

- (a) Schedule 15 - Adjusted Rate of Return Statement
- (b) Schedule 16 - Rate Base Statement - Adjusted
- (c) Schedule 17 - Detail of Ratemaking Adjustments
- (d) Schedule 19 - Cash Working Capital - Adjusted

(e) Schedule 20 - Balance Sheet Analysis - Adjusted

It also requests that if it is required to file the foregoing schedules, it be permitted to do so on a per book rather than pro forma basis.

In support of its request, the Company advises that the Virginia Electric Restructuring Act ("Act") has established capped rates for utilities effective January 1, 2001, and expiring on July 1, 2007, for electric utilities. Allegheny advised that it is operating under the rate cap and that, as a result of a Memorandum of Understanding ("MOU") executed between the Company and Staff in Case No. PUE000280, the Company agreed to recover stranded generation costs solely through capped rates. Allegheny further represents that under the MOU, it agreed not to assess a wires charge or to make a claim for additional stranded generation cost recovery in 2007.

The Company maintains in its request that filing an abbreviated AIF would save both Staff and the Company significant time and resources and that this is important in view of both Staff and Allegheny's current workload involving restructuring issues in Virginia. The Company represents that it will provide the required earnings test-related information to aid the Commission in its responsibility to monitor stranded cost recovery. The Company also states that the Staff supports its position regarding the limited usefulness of filing fully

adjusted pro forma data at this time. Allegheny requested an expedited review and Commission decision concerning its request to file an abbreviated AIF in order to permit sufficient time for the Company to prepare all of the schedules required for an AIF in the event its request is denied.

NOW THE COMMISSION, upon consideration of the Company's application, is of the opinion and finds that this matter should be docketed; that the Company's request should be granted as to Allegheny's AIF for the test year ending 2001 only; and that this docket should be reserved for the filing of Allegheny's AIF for the test year consisting of the twelve months ending December 31, 2001.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE020063.

(2) Allegheny's request to file an abbreviated AIF for its AIF for the year ending 2001, is granted.

(3) A waiver of Rule 20 VAC 5-200-30 A 9 of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, requiring the filing of Schedules 15 through 17, Schedule 19, and Schedule 20, as part of an AIF, is hereby granted for Allegheny's AIF employing a test year of the twelve months ending December 31, 2001.

(4) Allegheny shall file its abbreviated AIF for the twelve months ending December 31, 2001, in this docket on or before April 30, 2002.

(5) This matter shall be continued, pending further orders of the Commission.